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AURUM PACIFIC (CHINA) GROUP LIMITED

奧栢中國集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8148)

2016 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of Aurum Pacific (China) Group Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2016. This announcement, containing the full text of the 2016 interim report of the Company, complies with the relevant requirements of the Rules (“**GEM Listing Rules**”) Governing the Listing of Securities on The Growth Enterprises Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of interim results. The Company’s 2016 interim report will be available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.aurumpacific.com.hk on 12 August 2016, and the printed version of the Company’s 2016 interim report will be delivered to the shareholders of the Company on or before 16 August 2016.

By Order of the Board of
Aurum Pacific (China) Group Limited
Chan Wai Kit
Executive Director

Hong Kong, 12 August 2016

As at the date of this announcement, the Board comprises four executive Directors Mr. Chan Wai Kit, Ms. Wong Chi Yan, Mr. Mui Yuk Wah and Mr. Hung Tat Chi Alan and three independent non-executive Directors, Mr. Leung Man Chun, Mr. Fok Kin Fung Eric and Dr. Lee Nim Wai.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the page of “Latest Company Announcements” on the GEM website for at least 7 days from the date of its posting and the website of the Company at www.aurumpacific.com.hk.

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Aurum Pacific (China) Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

SUMMARY

For the six months ended 30 June 2016:

- The revenue from continuing operations was approximately HK\$15,725,000;
- The loss attributable to owners of the Company was approximately HK\$17,605,000; and
- The Directors do not recommend the payment of any interim dividend.

UNAUDITED INTERIM RESULTS

The board of directors of the Company (the “Board”) hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and six months ended 30 June 2016, together with the comparative figures for the corresponding periods in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2016

(Expressed in Hong Kong dollars)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)
Continuing operations					
Revenue	2	7,478	3,101	15,725	8,580
Cost of sales		(1,715)	(1,289)	(3,492)	(3,075)
Gross profit		5,763	1,812	12,233	5,505
Other revenue	4	3,574	86	3,574	172
Changes in fair value of consideration payable for business combination		(1,406)	(335)	(1,753)	(665)
Reclassification of cumulative exchange reserve from equity upon disposal of subsidiaries		(7,410)	–	(7,410)	–
Administrative expenses		(9,611)	(4,876)	(16,235)	(11,635)
Research and development expenses		(1,762)	(957)	(3,393)	(1,924)
Selling and distribution expenses		(707)	(756)	(1,480)	(1,682)
Loss from operations		(11,559)	(5,026)	(14,464)	(10,229)
Finance costs	5	(219)	(14)	(219)	(14)
Loss before taxation	6	(11,778)	(5,040)	(14,683)	(10,243)
Income tax credit/(expenses)	7	12	38	(30)	79
Loss for the period from continuing operations		(11,766)	(5,002)	(14,713)	(10,164)
Discontinued operation					
Loss for the period from discontinued operation	19	(1,600)	(653)	(4,370)	(1,415)
Loss for the period		(13,366)	(5,655)	(19,083)	(11,579)
Attributable to:					
– owners of the Company		(12,735)	(5,406)	(17,605)	(10,954)
– non-controlling interests		(631)	(249)	(1,478)	(625)
		(13,366)	(5,655)	(19,083)	(11,579)

Loss per share

From continuing and discontinued operations

– Basic and diluted

Note	Three months ended 30 June		Six months ended 30 June	
	2016 HK cents (Unaudited)	2015 HK cents (Unaudited) (Restated)	2016 HK cents (Unaudited)	2015 HK cents (Unaudited) (Restated)
9	<u>(1.96)</u>	<u>(1.34)</u>	<u>(3.09)</u>	<u>(2.85)</u>
From continuing operations				
9	<u>(1.80)</u>	<u>(1.24)</u>	<u>(2.58)</u>	<u>(2.65)</u>
From discontinued operation				
9	<u>(0.16)</u>	<u>(0.10)</u>	<u>(0.51)</u>	<u>(0.21)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2016

(Expressed in Hong Kong dollars)

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Loss for the period	(13,366)	(5,655)	(19,083)	(11,579)
Other comprehensive (expense)/income for the period				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
– Exchange differences on translation of financial statements of foreign operations, net of nil tax	(2,648)	36	(932)	33
– Reclassification of cumulative exchange reserve from equity to profit or loss upon disposal of subsidiaries	7,410	–	7,410	–
– Release of cumulative exchange reserve upon deregistration of a subsidiary	4	–	4	–
Total comprehensive expense for the period	(8,600)	(5,619)	(12,601)	(11,546)
Attributable to:				
– owners of the Company	(7,846)	(5,370)	(11,091)	(10,921)
– non-controlling interests	(754)	(249)	(1,510)	(625)
	(8,600)	(5,619)	(12,601)	(11,546)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016 AND 31 DECEMBER 2015

(Expressed in Hong Kong dollars)

	Notes	At 30 June 2016 HK\$'000 (Unaudited)	At 31 December 2015 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	50,817	6,316
Properties under development	11	–	2,804
Intangible assets	12	2,624	13,065
Goodwill		21,666	90,510
		75,107	112,695
Current assets			
Inventories		37	37
Trade and other receivables	13	16,521	9,101
Loans receivable	14	153,800	111,800
Interest receivables	15	3,518	1,382
Current tax recoverable		79	79
Cash and cash equivalents		34,075	38,725
		208,030	161,124
Current liabilities			
Other payables	16	1,308	2,481
Financial assistance from government		242	325
Deferred income		3,607	3,272
Consideration payable for business combination	17	–	9,879
Current tax liabilities		139	1,174
		5,296	17,131
Net current assets		202,734	143,993
Total assets less current liabilities		277,841	256,688
Non-current liabilities			
Financial assistance from government		46	46
Deferred tax liabilities		288	2,707
Consideration payable for business combination	17	–	18,368
		334	21,121
NET ASSETS		277,507	235,567
Capital and reserves			
Share capital	20	30,240	20,160
Reserves		247,267	210,789
Total equity attributable to owners of the Company		277,507	230,949
Non-controlling interests		–	4,618
TOTAL EQUITY		277,507	235,567

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016 AND 30 JUNE 2015

(Expressed in Hong Kong dollars)

	Attributable to owners of the Company						Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Capital surplus HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000		
At 1 January 2015 (Audited)	12,000	142,285	2,427	16,699	(103)	(56,396)	11,056	127,968
Loss for the period	-	-	-	-	-	(10,954)	(625)	(11,579)
Exchange differences on translation of financial statements of foreign operations, net of nil tax	-	-	-	-	33	-	-	33
Total comprehensive income/(expense) for the period	-	-	-	-	33	(10,954)	(625)	(11,546)
Issue of shares (note 20(iii))	4,800	54,220	-	-	-	-	-	59,020
At 30 June 2015 (Unaudited)	16,800	196,505	2,427	16,699	(70)	(67,350)	10,431	175,442
At 1 January 2016 (Audited)	20,160	274,640	2,427	16,699	(6,450)	(76,527)	4,618	235,567
Loss for the period	-	-	-	-	-	(17,605)	(1,478)	(19,083)
Exchange differences on translation of financial statements of foreign operations, net of nil tax	-	-	-	-	(900)	-	(32)	(932)
Reclassification of cumulative exchange reserve from equity to profit or loss upon disposal of subsidiaries	-	-	-	-	7,410	-	-	7,410
Release of cumulative exchange reserve upon deregistration of a subsidiary	-	-	-	-	4	-	-	4
Total comprehensive income/(expenses) for the period	-	-	-	-	6,514	(17,605)	(1,510)	(12,601)
Issue of shares (note 20(vi))	10,080	47,569	-	-	-	-	-	57,649
- Derecognition of non-controlling interests upon disposal of subsidiaries (note 19)	-	-	-	-	-	-	(3,108)	(3,108)
	10,080	47,569	-	-	6,514	(17,605)	(4,618)	41,940
At 30 June 2016 (Unaudited)	30,240	322,209	2,427	16,699	64	(94,132)	-	277,507

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016 AND 30 JUNE 2015

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Net cash used in operating activities	(63,572)	(2,455)
Net cash generated from/(used in) investing activities	1,575	(1,151)
Net cash generated from financing activities	57,347	61,842
Net (decrease)/increase in cash and cash equivalents	(4,650)	58,236
Cash and cash equivalents at beginning of the period	38,725	21,139
Cash and cash equivalents at end of the period	34,075	79,375

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and Hong Kong Accounting Standard 34 (HKAS 34) Interim Financial Reporting.

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except that contingent consideration payable for business combination is stated at its fair value. The principal accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2015 except in relation to the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are expected to be reflected in the 2016 annual financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements.

The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

2. REVENUE

Revenue represents the sales value of goods and services supplied to customers from the provision of software platform and interest income earned from the money lending business, as follows:

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)
Continuing operations				
Provision of software platform	4,463	3,101	9,930	8,580
Interest income from money lending	3,015	—	5,795	—
	<u>7,478</u>	<u>3,101</u>	<u>15,725</u>	<u>8,580</u>

3. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker, which are used to make strategic decisions.

The Group has three (2015: two) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. No operating segments identified by the chief operating decision-maker have been aggregated in arriving at the reportable segments of the Group. The following summary describes the operations in each of the Group's reportable segments:

Continuing operations

- Software platform⁽¹⁾ – (i) developing and marketing of patented server based technology and the provision of communications software platform and software related services with primary focus in the government industry sector; (ii) the provision of website development, education and communications software platform which focuses on the development of syllabus and contents for Chinese Language teaching and learning in primary and secondary schools and enterprises.
- Money lending – provision of money lending business in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

Discontinued operation

- Software platform⁽²⁾ – (i) the development services of the urban grid management system; (ii) internet marketing of online peer-to-peer (P2P) lending system; and (iii) other projects such as writing and programming of applications.

3. SEGMENT REPORTING (CONTINUED)

(a) Business segments

The following is an analysis of the Group's revenue and results by business segments for the period under review:

	Continuing operations				Discontinued operation			
	Six months ended 30 June				Six months ended 30 June			
	Software platform ⁽¹⁾		Money lending		Software platform ⁽²⁾		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)				(Re-presented)		(Re-presented)
Revenue from external customers	9,930	8,580	5,795	–	521	3,264	16,246	11,844
Reportable segment (loss)/profit	272	1,474	649	–	(3,383)	600	(2,462)	2,074
Amortisation of intangible assets	(1,081)	(1,498)	–	–	(585)	(2,360)	(1,666)	(3,858)
Depreciation of property, plant and equipment	(170)	(184)	–	–	(30)	(34)	(200)	(218)
Income tax (expenses)/credit	79	79	(109)	–	(372)	379	(402)	458
							(4,730)	(1,544)
Unallocated corporate income and expenses							(14,134)	(10,021)
Finance costs							(219)	(14)
Loss for the period							(19,083)	(11,579)

3. SEGMENT REPORTING (CONTINUED)

(a) Business segments (continued)

	At 30 June 2016 HK\$'000 (Unaudited)	At 31 December 2015 HK\$'000 (Audited)
Assets		
Reportable segment assets from continuing operations	191,507	155,851
Unallocated corporate assets	91,630	117,968
Consolidated total assets	283,137	273,819
Liabilities		
Reportable segment liabilities from continuing operations	4,587	8,826
Unallocated corporate liabilities	1,043	29,426
Consolidated total liabilities	5,630	38,252

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

The unallocated corporate income and expenses mainly include changes in fair value of consideration payable for business combination, staff costs and legal and professional fees of head office. The unallocated corporate assets and liabilities mainly include goodwill, property, plant and equipment, prepayments and cash and cash equivalents of head office and consideration payable for business combination.

4. OTHER REVENUE

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Continuing operations				
Gain on disposal of subsidiaries (note 19)	3,543	–	3,543	–
Other loan interest income	–	74	–	160
Sundry income	31	12	31	12
	3,574	86	3,574	172

5. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Continuing operations				
Interest expense on financial liabilities not at fair value through profit or loss				
– Interest on mortgage loan	219	–	219	–
– Interest on short term borrowing	–	14	–	14
	<u>219</u>	<u>14</u>	<u>219</u>	<u>14</u>

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)
Continuing operations				
Staff costs (including directors' remuneration)				
– Salaries, wages and other benefits	5,619	3,896	11,212	8,234
– Contributions to defined contribution retirement plan	242	245	473	434
	<u>5,861</u>	<u>4,141</u>	<u>11,685</u>	<u>8,668</u>
Auditor's remuneration	365	131	528	263
Amortisation of intangible assets	542	586	1,081	1,498
Depreciation of property, plant and equipment	137	162	505	320
Operating lease charges:				
– minimum lease payments				
– property rentals	1,390	204	2,297	409
Write-off of property, plant and equipment	–	258	–	258
Loss on disposal of property, plant and equipment	2,161	–	2,161	–

7. INCOME TAX RELATING TO CONTINUING OPERATIONS

Income tax in the condensed consolidated statement of profit or loss represents:

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)
Current tax				
– Hong Kong Profits Tax				
Provision for the period	30	–	109	–
Deferred tax	(42)	(38)	(79)	(79)
Total income tax (credit) / expenses	(12)	(38)	30	(79)

The provision for Hong Kong Profits Tax for the six months ended 30 June 2016 is calculated at 16.5% of the estimated assessable profits for the period. No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2015 as the Company and its subsidiaries comprising continuing operations have either tax losses brought forward in excess of the assessable profits for the period or do not have any estimated assessable profits subject to Hong Kong Profits Tax during the period.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the respective jurisdictions.

No provision for enterprise income tax of the PRC has been made as the subsidiaries incorporated in the PRC have estimated tax losses for the periods ended 30 June 2016 and 2015.

8. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2016 (2015: HK\$Nil).

9. LOSS PER SHARE

(a) Basic loss per share

(i) *From continuing and discontinued operations*

The calculation of loss per share for the six months ended 30 June 2016 is based on the loss for the period attributable to owners of the Company of HK\$17,605,000 (2015: HK\$10,954,000), and the weighted average number of ordinary shares of 570,455,840 (2015: restated: 384,018,826) in issue during the period.

The calculation of loss per share for the three months ended 30 June 2016 is based on the loss for the period attributable to owners of the Company of HK\$12,735,000 (2015: HK\$5,406,000), and the weighted average number of ordinary shares of 632,763,533 (2015: restated: 404,843,305) in issue during the period.

(ii) *From continuing operations*

The calculation of loss per share for the six months ended 30 June 2016 is based on the loss for the period attributable to owners of the Company of HK\$14,713,000 (2015: HK\$10,164,000), and the weighted average number of ordinary shares of 570,455,840 (2015: restated: 384,018,826) in issue during the period.

The calculation of loss per share for the three months ended 30 June 2016 is based on the loss for the period attributable to owners of the Company of HK\$11,766,000 (2015: HK\$5,002,000), and the weighted average number of ordinary shares of 632,763,533 (2015: restated: 404,843,305) in issue during the period.

(iii) *From discontinued operation*

The calculation of loss per share for the six months ended 30 June 2016 is based on the loss for the period attributable to owners of the Company of HK\$2,892,000 (2015: HK\$790,000), and the weighted average number of ordinary shares of 570,455,840 (2015: restated: 384,018,826) in issue during the period.

The calculation of loss per share for the three months ended 30 June 2016 is based on the loss for the period attributable to owners of the Company of HK\$969,000 (2015: HK\$404,000), and the weighted average number of ordinary shares of 632,763,533 (2015: restated: 404,843,305) in issue during the period.

The weighted average number of ordinary shares for 2016 and 2015 above has been adjusted for the share consolidation and open offer which were completed on 22 February 2016 (see note 20(iv)) and 17 May 2016 (see note 20(vi)) respectively.

(b) Diluted loss per share

The diluted loss per share for the periods ended 30 June 2016 and 2015 is the same as the basic loss per share as there were no potentially dilutive ordinary shares in issue.

10. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2016, the Group did not have any material acquisitions and disposal of property, plant and equipment except for

- addition of a property of approximately HK\$49,484,000 through acquisition of a subsidiary (note 18); and
- disposal of motor vehicles at carrying amount of approximately HK\$4,500,000.

11. INTANGIBLE ASSETS

For the six months ended 30 June 2016, apart from derecognition of software platform at carrying amount of approximately HK\$8,698,000 on disposal of subsidiaries (note 19), the Group did not have any material acquisitions and disposal of intangible assets.

12. PROPERTIES UNDER DEVELOPMENT

For the six months ended 30 June 2016, the Group derecognised the properties under development at carrying amount of approximately HK\$2,652,000 on disposal of subsidiaries (note 19).

13. TRADE AND OTHER RECEIVABLES

	At 30 June 2016 HK\$'000 (Unaudited)	At 31 December 2015 HK\$'000 (Audited)
Trade receivables	3,927	6,344
Deposits and prepayments	12,545	2,240
Other receivables	49	517
	<hr/> 16,521	<hr/> 9,101

(a) Ageing analysis

Trade receivables are due within 30 days from the date of billing. As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2016 HK\$'000 (Unaudited)	At 31 December 2015 HK\$'000 (Audited)
Within 1 month	1,767	2,949
More than 1 but less than 3 months	899	1,642
More than 3 but less than 6 months	817	1,108
More than 6 but less than 12 months	375	532
Over 12 months	69	113
	<hr/> 3,927	<hr/> 6,344

14. LOANS RECEIVABLE

The Group's loans receivable arise from the money lending business in Hong Kong.

Loans receivable, apart from a loan with principal amount of HK\$30,000,000 which is secured by a first legal charge over the entire issued share capital of Tri King International Limited and a personal guarantee by one of the corporate borrower's ultimate beneficial owner, is unsecured. All of the loans receivable is interest-bearing at 10% per annum and repayable on the date falling on the expiry of six or twelve months after the dates of drawdown or on demand in writing by the wholly-owned subsidiary.

As at 30 June 2016 and 31 December 2015, all of the loans receivable is neither past due nor impaired, and is wholly repayable within one year.

The credit quality of loans receivable that is neither past due nor impaired has been assessed by reference to historical information about counterparty default rates. The existing counterparties do not have defaults in the past.

15. INTEREST RECEIVABLES

The Group's interest receivables arise from the money lending business in Hong Kong.

Interest receivables are unsecured. All of the interest receivables is repayable on every six months from the dates of drawdown of the principal or on demand in writing by the wholly-owned subsidiary.

As at 30 June 2016, interest receivables, apart from the past due interest receivables of approximately HK\$2,030,000, are neither past due or impaired, and is wholly repayable within one year.

Interest receivables that were past due but not impaired related a number of individual borrowers. Based on past experience, the Directors are of the opinion that no provision for impairment on these individual loans is necessary as there has not been a significant change in credit quality that these balances are still considered fully recoverable.

As at 31 December 2015, all of the interest receivables is neither past due nor impaired, and is wholly repayable within one year.

16. OTHER PAYABLES

All other payables are expected to be settled or recognised as income within one year or repayable on demand.

17. BUSINESS COMBINATION

On 17 December 2014, the Group acquired the entire equity interest in Native Hope Limited from an independent third party at a nominal consideration of HK\$90,000,000 (the “NH Acquisition”). Native Hope Limited has the entire interest in Fair Respect International Limited, Shenzhen Xiaoke Internet Technology Company Limited and 51% interest in Shenzhen Zhoufu Internet Technology Company Limited (together, “NH Group”). NH Group is principally engaged in the provision of software platform.

Pursuant to the sale and purchase agreement dated 11 December 2014 in respect of the NH Acquisition (the “NH Acquisition Agreement”), the partial consideration of HK\$60,000,000 has been settled in cash as at 31 December 2014.

The remaining consideration payable is subject to adjustment based on the audited consolidated profit after taxation but before extraordinary or exceptional items attributable to the owners of the Company of NH Group of not less than HK\$10,000,000, HK\$13,000,000 and HK\$15,000,000 for the year ending 31 December 2015, 31 December 2016 and 31 December 2017 respectively.

On 30 June 2016, being the completion date of the disposal of NH Group (note 19), the remaining consideration payable by the Company to the purchaser, Mix Billion Holdings Limited, for the NH Acquisition was measured at the nominal consideration of HK\$30,000,000 with change in value recognised in profit or loss for the period ended 30 June 2016 as the remaining consideration payable set off against the consideration of the disposal of NH Group paid by Mix Billion Holdings Limited to the Company. Details of the disposal is set out in note 19 to this report.

Details of the NH Acquisition were set out in note 28 of the annual consolidated financial statements for the year ended 31 December 2015.

18. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 11 May 2016, the Group entered into a sale and purchase agreement in relation to a proposed acquisition of entire equity interest of Viva Star International Limited ("Viva Star"). The acquisition was completed on 27 May 2016.

Viva Star is principally engaged in property investment and its major asset is an office unit in Hong Kong classified as an investment property which was leased out to the Group.

In the opinion of the directors, the acquisition is in substance acquisition of the investment property, instead of an acquisition of business and therefore is excluded from the scope of HKFRS 3 "Business Combinations". Therefore, the acquisition was not disclosed as a business combination in accordance with the requirements of HKFRS 3.

The net assets acquired in the transaction were as follows:

	HK\$'000
Investment property	49,484
Mortgage loan	(22,218)
Shareholder's loan	(22,152)
Deposits received	(516)
Other payables	(78)
	<hr/>
	4,520
Assignment of a shareholder's loan	22,152
	<hr/>
Total consideration satisfied by cash	26,672
	<hr/>
Net cash outflow arising from acquisition:	
Cash consideration paid	26,672
	<hr/>

19. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

On 9 March 2016, the Company entered into a sale and purchase agreement in relation to a disposal of entire equity interest of Native Hope Limited and its subsidiaries (together, “NH Group”) (the “Disposal”), which carried out custom-made software development business including urban grid management system, internet marketing and other projects.

The disposal was completed on 30 June 2016. As a result, certain comparative figures in the condensed consolidated statement of profit or loss had been re-presented to conform to the current period’s presentation of discontinued operation.

Financial information relating to the discontinued operation is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	418	1,397	521	3,264
Cost of sales	(17)	(72)	(712)	(72)
Other revenue	4	3	8	81
Administrative expenses	(722)	(1,617)	(2,342)	(4,257)
Research and development expenses	(940)	(578)	(940)	(578)
Selling and distribution expenses	(343)	(82)	(533)	(232)
Loss before taxation	(1,600)	(949)	(3,998)	(1,794)
Income tax credit/(expenses)	–	296	(372)	379
Loss for the period from discontinued operation	(1,600)	(653)	(4,370)	(1,415)

19. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

Loss for the period from discontinued operation include the following:

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Re-presented)
Staff costs (including directors' remuneration)				
– Salaries, wages and other benefits	1,370	766	2,662	1,619
– Contributions to defined contribution retirement plan	54	79	101	79
	1,424	845	2,763	1,698
Amortisation of intangible assets	–	1,180	585	2,360
Depreciation of property, plant and equipment	15	18	30	34
Operating lease charges:				
– minimum lease payments				
– property rentals	78	54	124	101

19. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

The assets and liabilities disposed at completion date comprise:

	HK\$'000
Property, plant and equipment	26
Properties under development	2,652
Intangible assets	8,698
Goodwill	67,972
Trade and other receivables	3,727
Cash and cash equivalents	9,574
Other payables	(778)
Current tax liabilities	(1,143)
Deferred tax liabilities	(2,169)
	<hr/>
Net assets	88,559
Non-controlling interests	(3,108)
	<hr/>
Net assets disposed of	85,451
Net consideration	88,994
	<hr/>
Gain on disposal	<u>3,543</u>
Consideration	
Cash consideration	58,745
Assignment of the amount due from the Group to NH Group	1,255
Set-off the remaining consideration payable (note 17)	30,000
Disposal related costs	(1,006)
	<hr/>
Net consideration	<u>88,994</u>
Net cash flow on disposal of subsidiaries	
Consideration settled in cash	58,745
Disposal related costs	(1,006)
Cash and cash equivalents of subsidiaries disposed	(9,574)
	<hr/>
Net cash inflow generated from the disposal	<u>48,165</u>

20. SHARE CAPITAL

(i) Authorised and issued share capital

	Number of shares '000	Amount HK\$'000
Authorised:		
<i>Ordinary shares</i>		
At 1 January 2015 of HK\$0.02 each	2,000,000	40,000
Share subdivision (note (ii))	8,000,000	—
At 30 June 2015 and 1 January 2016 of HK\$0.004 each	10,000,000	40,000
Share consolidation (note (iv))	(9,000,000)	—
Increase in authorised capital (note (v))	2,000,000	80,000
At 30 June 2016 of HK\$0.04 each	3,000,000	120,000
Issued and fully paid:		
<i>Ordinary shares</i>		
At 1 January 2015 of HK\$0.02 each	600,000	12,000
Share subdivision (note (ii))	2,400,000	—
Issue of shares (note (iii))	1,200,000	4,800
At 30 June 2015 of HK\$0.004 each	4,200,000	16,800
At 1 January 2016 of HK\$0.004 each	5,040,000	20,160
Share consolidation (note (iv))	(4,536,000)	—
Issue of Open Offer shares (note (vi))	252,000	10,080
At 30 June 2016 of HK\$0.04 each	756,000	30,240

(ii) Share subdivision

By an ordinary resolution passed at the extraordinary general meeting on 5 January 2015, every issued and unissued ordinary shares of HK\$0.02 each were subdivided into five new ordinary shares of HK\$0.004 each (the "Share Subdivision"). Following the Share Subdivision which became effective on 6 January 2015, the Company's authorised share capital was HK\$40,000,000 divided into 10,000,000,000 shares of HK\$0.004 each, of which 3,000,000,000 ordinary shares were in issue and fully paid.

20. SHARE CAPITAL (CONTINUED)

(iii) Issue of shares

On 19 January 2015, the Company issued 600,000,000 ordinary shares of HK\$0.004 each on the basis of one new share for every five existing shares then held (the “Bonus Issue”). These new shares were credited as fully paid by capitalisation of HK\$2,400,000 standing to the credit of share premium account. Details of the Bonus Issue are set out in the Company’s circular and announcement dated 17 December 2014 and 19 January 2015 respectively.

Pursuant to the placing completed on 29 April 2015, the Company issued 600,000,000 ordinary shares of HK\$0.004 each at a placing price of HK\$0.10 per placing share, resulting in net proceeds of approximately HK\$58,900,000. Details of the placing are set out in the Company’s announcements dated 20 April 2015 and 29 April 2015.

(iv) Share consolidation

By an ordinary resolution passed at the extraordinary general meeting on 19 February 2016, every 10 issued and unissued ordinary shares of HK\$0.004 each were consolidated into 1 new ordinary share (the “Consolidated Share”) of HK\$0.04 each (the “Share Consolidation”). Following the Share Consolidation which has become effective on 22 February 2016, the authorised share capital of the Company are HK\$40,000,000 divided into 1,000,000,000 Consolidated Shares of HK\$0.04 each, of which 504,000,000 Consolidated Shares are in issue and fully paid. Details of the Share Consolidation are set out in the Company’s announcements dated 8 January 2016 and 19 February 2016 and the Company’s circular dated 29 January 2016.

(v) Increase in authorised share capital

Upon the Share Consolidation becoming effective, the authorised share capital of the Company was increased from HK\$40,000,000 divided into 1,000,000,000 ordinary shares to HK\$120,000,000 divided into 3,000,000,000 ordinary shares by the creation of an additional 2,000,000,000 ordinary shares of the Company and such shares shall rank *pari passu* with all existing shares of the Company was approved by the shareholders of the Company in an extraordinary general meeting on 19 February 2016.

(vi) Issue of Open Offer shares

On 29 March 2016, the Company and Gransing Securities Co., Limited entered into an underwriting agreement in relation to the issue of shares by way of open offer to the qualifying shareholders on the basis of one offer share for every two existing shares held on the record date (i.e. 21 April 2016) at the subscription price of HK\$0.24 per offer share (“Open Offer”). Upon the completion of the Open Offer on 17 May 2016, the Open Offer raised approximately HK\$60,480,000 before deduction of expenses by issuing 252,000,000 ordinary shares of HK\$0.04 each. Details of the Open Offer are set out in the Company’s announcements dated 29 March 2016, 14 April 2016 and 16 May 2016 and the Company’s prospectus dated 22 April 2016.

21. RELATED PARTY TRANSACTIONS

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the directors is as follows:

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Short-term employee benefits	2,557	2,533
Post employment benefits	51	49
	<u>2,608</u>	<u>2,582</u>

22. EVENTS AFTER THE REPORTING PERIOD

(a) Placing of new shares under general mandate

On 8 July 2016, the Company entered into a placing agreement with China Times Securities Limited as placing agent (the "Placing Agent"), pursuant to which the Placing Agent would place, on a best effort basis, to independent placees up to 151,200,000 ordinary shares of HK\$0.04 each of the Company (the "Placing Shares") at a price of HK\$0.129 per Placing Share (the "Placing").

The completion of the Placing took place on 3 August 2016. The net proceeds from the Placing were approximately HK\$19,000,000, which will be used for the Group's general working capital and/or future investments opportunities. Details of the Placing are set out in the Company's announcements dated 8 July 2016 and 3 August 2016.

(b) Acquisition of 60% equity interest of First Surplus Investments Limited

On 8 August 2016, the Company as a guarantor and a subsidiary of the Company as a purchaser entered into a sale and purchase agreement with two vendors for the acquisition of an aggregate 60% of the issued share capital in First Surplus Investments Limited ("First Surplus"). First Surplus and its subsidiaries are principally engaged in game publishing, development of mobile game, application, related intellectual property and platform, and provision of related solution. Details of the acquisition is set out in the announcement of the Company dated 8 August 2016. The acquisition has not completed at the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the six months ended 30 June 2016, the Group recorded a total revenue from continuing operations of approximately HK\$15,725,000 as compared with approximately HK\$8,580,000 for the same period in 2015. The increase in revenue from continuing operations was mainly due to contribution of the revenue of approximately HK\$5,795,000 from the new money lending business commenced on 22 October 2015. Loss attributable to owners of the Company increased to approximately HK\$17,605,000, as compared with that of approximately HK\$10,954,000 for the same period in 2015. The increase in loss was mainly attributable to the reclassification of the cumulative exchange reserve of approximately HK\$7,410,000 from equity to profit or loss in respect of the disposal of entire equity interest of Native Hope Limited and its subsidiaries.

DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2016 (2015: HK\$Nil).

BUSINESS REVIEW AND PROSPECT

For the six months ended 30 June 2016, the Group engaged in (i) developing and marketing of the patented server based technology and the provision of communications software platform and software related services with primary focus in the government industry sector; (ii) the provision of website development, education and communications software platform which focuses on the development of syllabus and contents for Chinese Language teaching and learning in primary and secondary schools and enterprises; (iii) the custom-made software development services including urban grid management system, internet marketing and other projects (the “Software Platform”); and (iv) money lending business (the “Money Lending Business”).

Software Platform

The segment revenue from continuing operations for the period amounted approximately HK\$9,930,000 (2015: the segment revenue from continuing operations of approximately HK\$8,580,000). The custom-made software development services are classified as discontinued operation and the related financial information are disclosed in notes 3 and 19 to this report.

To keep up with the ever-changing IT environment, the Group will closely monitor the IT trend and continuously upgrades its products.

Money Lending Business

The Company has tried to seek for other investment opportunities in order to broaden the income sources. On 22 October 2015, the Group commenced its Money Lending Business through Aurum Pacific Finance Limited, an indirect wholly-owned subsidiary of the Company, which was granted a money lenders licence by the licensing court in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

The Group adopted the money lending policy and procedure manual which provide guidelines on handling and/or monitoring of money lending procedures according to the Money Lenders Ordinance. The Money Lending Business made positive progress in its development and became one of the sources for the Group's profit for the period ended 30 June 2016. The interest income for the period ended 30 June 2016 amounted to approximately HK\$5,795,000.

We intend to continue taking efforts in developing and upgrading our products and services with a generic growth of the business in order to broaden our income sources. The Group will continue to deploy appropriate operation strategies to meet the challenges posted by the competitive market to improve the performance and maximize the returns of shareholders as a whole.

Financial Resources and Liquidity

The Group's business operations and investments are in Hong Kong and the People's Republic of China (the "PRC"). At 30 June 2016, the Group had cash and bank balances of approximately HK\$34,075,000 (31 December 2015: HK\$38,725,000). Most of the cash and bank balances are denominated in Hong Kong dollars, Renminbi and United States dollars. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

Gearing Ratio

At 30 June 2016, total assets of the Group were approximately HK\$283,137,000 (31 December 2015: HK\$273,819,000) whereas total liabilities were approximately HK\$5,630,000 (31 December 2015: HK\$38,252,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was 2.0% (31 December 2015: 14%) and the current ratio, calculated as current assets over current liabilities, was 39.3 (31 December 2015: 9.4). The Directors will continue to take measures to improve the liquidity and gearing position of the Group.

Material Acquisition, Disposal and Significant Investment

On 20 January 2016, a wholly-owned subsidiary of the Company and a vendor entered into a MOU in relation to a proposed acquisition of a target company which is principally engaged in mobile games development, operation and promotion in the PRC. The proposed acquisition was terminated on 19 July 2016. Details of the termination of MOU is set out in the announcement of the company dated 19 July 2016.

On 9 March 2016, the Company and a purchaser who is a connected person at the subsidiary level of the Company under the GEM Listing Rules entered into a sale and purchase agreement ("SPA") in relation to the proposed disposal of entire equity interest of NH Group (the "Disposal"). As the Disposal is only a connected transaction between the Company and a connected person at the subsidiary level on normal commercial terms, given that (i) the Directors have approved the Disposal; and (ii) the independent non-executive Directors have confirmed that the terms of the Disposal is fair and reasonable, the Disposal is on normal commercial terms and in the interests of the Company and its Shareholders as a whole, such connected transaction is exempted from the circular, independent financial advice and

Shareholders' approval requirements under Rule 20.99 of the GEM Listing Rules. NH Group is mainly involved in the business of the provision of software platform. Details of the SPA are set out in announcements of the Company dated 9 March 2016 and 29 April 2016. The disposal was completed on 30 June 2016. Details of the completion of the disposal is set out in the announcements of the Company dated 16 June 2016 and 30 June 2016, the circular of the Company dated 31 May 2016 and note 19 to this report.

On 11 March 2016, the Company and vendors entered into a MOU in relation to a proposed acquisition of First Surplus ("Acquisition of First Surplus") and its subsidiaries are principally engaged in game publishing, development of mobile game, application, related intellectual property and platform, and provision of related solutions. On 8 August 2016, the Company as a guarantor and a subsidiary of the Company as a purchaser entered into a sale and purchase agreement with two vendors in relation to the Acquisition of First Surplus at the total consideration of HK\$150,000,000. Details of the Acquisition of First Surplus is set out in the announcements of the Company dated 11 March 2016 and 8 August 2016. The Acquisition of First Surplus has not yet been completed as at the date of this report.

On 31 March 2016, the Company and a vendor entered into a MOU in relation to an acquisition of 100% of the issued share capital of Viva Star International Limited ("Property Acquisition") which is principally engaged in property investment and its principal asset is a commercial property located in Hong Kong. On 11 May 2016, a subsidiary of the Company and the vendor entered into a sale and purchase agreement in relation to the Property Acquisition. On 27 May 2016, the property acquisition was completed at the consideration of approximately HK\$26,670,000. Details of the Property Acquisition is set out in the announcements of the Company dated 31 March 2016, 11 May 2016 and 27 May 2016 and note 18 to this report.

On 21 June 2016, the Company entered into the MOU with a vendor in relation to the proposed acquisition of the entire issued share capital of the target. The target and its associates are principally engaged in constructing and managing fiberglass internet networks in the Netherlands. Details of the MOU is set out in the announcement of the Company dated 21 June 2016. The proposed acquisition has not yet been completed as at the date of this report.

Apart from those disclosed in the sections headed "Material Acquisition, Disposal and Significant Investment" in this report and the section headed "Events after the reporting period" in note 22 to this report, the Group did not have any other material acquisition, disposal and significant investment during the period ended 30 June 2016.

Capital Structure

As at 30 June 2016, the authorised share capital of the Company was HK\$120,000,000 divided into 3,000,000,000 shares of HK\$0.04 each, of which 756,000,000 ordinary shares were in issue and fully paid.

Share Consolidation

By an ordinary resolution passed at the extraordinary general meeting on 19 February 2016, pursuant to the share consolidation (the “Share Consolidation”), every 10 issued and unissued shares of HK\$0.004 each were consolidated into 1 consolidated share (the “Consolidated Share”) of HK\$0.04 each. Following the Share Consolidation which has become effective on 22 February 2016, the authorised share capital of the Company are HK\$40,000,000 divided into 1,000,000,000 Consolidated Shares of HK\$0.04 each, of which 504,000,000 Consolidated Shares are in issue and fully paid. Details of the Share Consolidation are set out in the Company’s announcements dated 8 January 2016 and 19 February 2016 and the Company’s circular dated 29 January 2016.

Increase in Authorised Share Capital

Upon the Share Consolidation becoming effective, the authorised share capital of the Company was increased from HK\$40,000,000 divided into 1,000,000,000 ordinary shares of HK\$0.04 each to HK\$120,000,000 divided into 3,000,000,000 ordinary shares of HK\$0.04 each by the creation of an additional 2,000,000,000 ordinary shares of the Company and such shares shall rank pari passu with all existing shares of the Company was approved by the shareholders of the Company in an extraordinary general meeting on 19 February 2016.

Open Offer

On 29 March 2016, the Company and Gransing Securities Co., Limited entered into an underwriting agreement in relation to the issue of shares by way of open offer to the qualifying shareholders on the basis of one offer share for every two existing shares held on the record date (i.e. 21 April 2016) at the subscription price of HK\$0.24 per offer share (“Open Offer”). The Open Offer raised approximately HK\$60,480,000 before deduction of expenses by issuing 252,000,000 ordinary shares of HK\$0.04 each. The Open Offer was completed on 17 May 2016. The Group intended to apply the net proceeds from the Open Offer as to (i) approximately

HK\$40,000,000, to be utilised for the development of the Money Lending Business and (ii) the remaining, to be utilised for general working capital. Details of the Open Offer are set out in the Company's announcements dated 29 March 2016, 14 April 2016 and 16 May 2016 and the Company's prospectus dated 22 April 2016.

The actual use of the net proceeds from the Open Offer up to 30 June 2016 in the following manner:

- (i) Approximately HK\$16,670,000 was used for the Property Acquisition;
- (ii) Approximately HK\$22,440,000 was used to settle the mortgage loan and interest expenses; and
- (iii) The remaining proceeds was used for Money Lending Business.

Placing of new shares under general mandate

On 8 July 2016, the Company entered into a placing agreement with China Times Securities Limited as placing agent (the "Placing Agent"), pursuant to which the Placing Agent would place, on a best effort basis, to independent placees up to 151,200,000 ordinary shares of HK\$0.04 each of the Company (the "Placing Shares") at a price of HK\$0.129 per Placing Share (the "Placing").

The completion of the Placing took place on 3 August 2016. An aggregate of 151,200,000 Placing Shares were allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting held on 30 May 2016. The aggregate nominal value of the Placing Shares was HK\$6,048,000. The net proceeds from the Placing were approximately HK\$19,000,000 and the net issue price was approximately HK\$0.1255 per Placing Share. The proceeds are intended to be used for the Group's general working capital and/or future investments opportunities. Details of the Placing are set out in the Company's announcements dated 8 July 2016 and 3 August 2016.

Foreign Exchange Exposure

The Directors consider that the Group had no material foreign exchange exposure.

Pledge of Assets and Contingent Liabilities

At 30 June 2016, the Group did not have any substantial pledge of assets and contingent liabilities.

Events after the Reporting Period

Details of events after the reporting period are set out in note 22 to this report.

Employee Information and Remuneration Policy

At 30 June 2016, after the completion of the Disposal, the Group had approximately 74 staff (30 June 2015: approximately 130 staff). The staff costs (including directors' remuneration) were approximately HK\$14,448,000 (six months ended 30 June 2015: HK\$10,366,000) for the period under review. Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee.

The Group provides benefits in accordance with the relevant laws and regulations including the Mandatory Provident Fund Scheme of Hong Kong.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES OF THE COMPANY

As at 30 June 2016, none of the Directors and chief executives of the Company was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), (Chapter 571 under the laws of Hong Kong) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO PURCHASE SHARES OR DEBT SECURITIES

At no time during the period ended 30 June 2016 was the Company or any of its subsidiaries a party to any arrangements to enable any of the Directors and chief executive, their respective spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS INTERESTS IN SECURITIES OF THE COMPANY

Substantial Shareholders

To the best knowledge of Directors, as at 30 June 2016, none of the persons, other than the Directors or chief executive of the Company, had, or was deemed or taken to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were expected to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Save as disclosed above, the Company has not been notified of other interests or short positions of any other person (other than the Directors and chief executives and the substantial shareholders of the Company) in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 30 June 2016.

SHARE OPTION SCHEME

On 8 May 2013, the Company passed an ordinary resolution at the annual general meeting to adopt a new share option scheme (the “Share Option Scheme”) whereby the Board may grant share options to employees, directors, suppliers, consultants, agents and advisers or any person, at its discretion, for the primary purpose to recognize and motivate their contributions to the Group. The Share Option Scheme is valid for a period of 10 years commencing from 8 May 2013. Details of the Share Option Scheme were set out in the circular of the Company dated 27 March 2013.

On 29 April 2016, the Company passed an ordinary resolution at the extraordinary general meeting to amend the definition of “Eligible Participant” of the Share Option Scheme and the definition of “Invested Entity” be added to the Share Option Scheme (“Amendments to the Share Option Scheme”). Details of the Amendments to the Share Option Scheme are set out in the Company’s announcement dated 29 April 2016 and the Company’s circular dated 13 April 2016.

The total number of share option that could be granted was 75,600,000 shares at par value of HK\$0.04 each, representing approximately 10% of the total issued shares of the Company on the date of passing the resolution to refresh the Share Option Scheme limit at the annual general meeting on 30 May 2016.

For the period ended 30 June 2016 and up to date of this report, the Company had not granted any options and no outstanding options under the Share Option Scheme.

CONNECTED TRANSACTION

On 9 March 2016, the Company and a purchaser who was a connected person at the subsidiary level of the Company under the GEM Listing Rules entered into a sale and purchase agreement (“SPA”) in relation to a proposed disposal of entire equity interest of NH Group (the “Disposal”). As the Disposal is only a connected transaction between the Company and a connected person at the subsidiary level on normal commercial terms, given that (i) the Directors have approved the Disposal; and (ii) the independent non-executive Directors have confirmed that the terms of the Disposal is fair and reasonable, the Disposal is on normal commercial terms and in the interests of the Company and its Shareholders as a whole, such connected transaction is exempted from the circular, independent financial advice and Shareholders’ approval requirements under Rule 20.99 of the GEM Listing Rules. NH Group is mainly involved in the business of the provision of software platform. Details of the Disposal are set out in the Company’s announcements dated 9 March 2016 and 29 April 2016. The Disposal was completed on 30 June 2016. Details of the completion of the Disposal is set out in the announcements of the Company dated 16 June 2016 and 30 June 2016, the circular of the Company dated 31 May 2016 and note 19 to this report.

COMPETING INTERESTS

None of the Directors and management and shareholders of the Company (within the meaning of the GEM Listing Rules) has an interest in any business which competes or may compete with the business in which the Group is engaged.

CORPORATE GOVERNANCE CODE

The Company is committed to maintain corporate governance of high standards and quality procedures. The Company has put in place governance practices with emphasis on the integrity to shareholders and quality of disclosure, transparency and accountability to shareholders for the sake of maximising returns to shareholders.

The Company has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 15 of the GEM Listing Rules throughout the period ended 30 June 2016 except the CG Code provision A.2.1.

Under the CG Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have any officer with the title of Chief Executive Officer (“CEO”) since the resignation of the former CEO, Mr. Mo Wai Hing, Lawrence of the Company on 8 October 2015. Mr. Chan Wai Kit, the deputy chairman of the Company, also assumes the duties of the CEO during the period under review. The Board believes that vesting the roles of chairman and chief executive officer in the same individual provided the Group with strong and consistent leadership in the development and execution of long-term business strategies.

AUDIT COMMITTEE

The Company has established audit committee with written terms of reference which was amended on 7 January 2016. The primary duties of the audit committee are to review, in draft form, the Company’s annual report and accounts, half-year report, quarterly report and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process, risk management and internal control of the Group. As at the date of this report, the audit committee comprises three independent non-executive Directors, namely Mr. Leung Man Chun, Mr. Fok Kin Fung Eric and Dr. Lee Nim Wai. Mr. Leung Man Chun is the chairman of the audit committee.

The audit committee has reviewed the accounting principles and practices adopted by the Company and discussed with the Board the internal controls and financial reporting matters, including a review of the unaudited interim report for the six months ended 30 June 2016.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2016, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

On behalf of the Board
Aurum Pacific (China) Group Limited
Chan Wai Kit
Executive Director

Hong Kong, 12 August 2016

As at the date of this report, the Board comprises four executive Directors, Mr. Chan Wai Kit, Mr. Hung Tat Chi Alan, Mr. Mui Yuk Wah and Ms. Wong Chi Yan and three independent non-executive Directors, Mr. Leung Man Chun, Mr. Fok Kin Fung Eric and Dr. Lee Nim Wai.